

Message Text

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PAGE 01 VIENNA 03208 01 OF 02 211635Z

42

ACTION IO-13

INFO OCT-01 OIC-02 ISO-00 IOE-00 AF-08 ARA-10 EA-09 EUR-12

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PM-04 H-02 INR-07 L-03 NSAE-00 NSC-05 PA-02 PRS-01

SP-02 SS-15 AID-05 EB-07 COME-00 TRSE-00 SIL-01 LAB-04

OMB-01 MC-02 IGA-02 ABF-01 CEA-01 CIEP-02 /132 W

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UNCLAS SECTION 1 OF 2 VIENNA 3208

E.O. 11652: N/A

TAGS: UNIDO, PFOR, EIND, EAID, ECIN

SUBJECT: UNIDO TENTH SESSION INDUSTRIAL DEVELOPMENT BOARD,

AGENDA ITEM 8: INDUSTRIAL DEVELOPMENT FUND

REF: VIENNA 3168

1. SUMMARY. UNIDO SECRETARIAT ON APRIL 21 DISTRIBUTED DOC. ID/B/169, TERMS OF REFERENCE AND RULES FOR FUNCTIONING AND ADMINISTRATION OF THE INDUSTRIAL DEVELOPMENT FUND (IDF), FOR CONSIDERATION UNDER AGENDA ITEM 8 OF IDB-X. DOCUMENT CONSISTS OF BRIEF NOTE BY EXEC. DIR. COVERING THREE ANNEXES; (1) A DRAFT RESOLUTION FOR ADOPTION BY 31ST GA, (2) A DRAFT DECISION ON GENERAL PRINCIPLES FOR OPERATION OF THE IDF, TO BE TAKEN UP BY THE IDB AFTER ADOPTION OF THE RESOLUTION AT ANNEX 1, AND (3) A FIRST DRAFT OF THE FINANCIAL RULES OF THE IDF. ONLY IMMEDIATE ACTION ITEM IS CONSIDERATION BY IDB-X OF DRAFT RESOLUTION AT ANNEX 1, TEXT OF WHICH FOLLOWS IN PARA 3. ACTION REQUESTED: INSTRUCTIONS FOR USDEL CONCERNING ADOPTION OF DRAFT RESOLUTION AT IDB-X. END SUMMARY.

UNCLASSIFIED

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PAGE 02 VIENNA 03208 01 OF 02 211635Z

2. EXEC. DIR'S COVERING NOTE AND DRAFT RESOLUTION

CONTAIN SEVERAL ELEMENTS WORTHY OF CONSIDERATION. AMONG THESE, PARA 4 OF EX DIR'S NOTE MAKES CLEAR THAT SUGGESTIONS RECEIVED FROM SOME QUARTERS TO EFFECT THAT IDF SHOULD GO BEYOND FINANCING OF TECHNICAL ASSISTANCE-- FOR EXAMPLE, TO INCLUDE FINANCING OF NEW PLANTS OR OF SPARE PARTS--ARE EXCLUDED FROM DRAFT GA RESOLUTION. IN DRAFT RESOLUTION ITSELF, DEPT WILL NOTE THAT SEC. III, PARA 2(1) REFERS TO PROVISIONS ADOPTED 6SS, INsofar AS THEY RELATE TO INDUSTRIAL DEVELOPMENT; USDEL QUESTIONS WHETHER REFERENCE SHOULD BE RESTRICTED ONLY TO PROVISIONS OF 6SS OR WHETHER AMENDMENT SHOULD BE SOUGHT TO BROADEN REFERENCES, AT LEAST TO APPLICABLE PORTION OF GA RES 3162(7SS). IN SAME SECTION, SUBPARAS (8) AND (9) INCLUDE UNIDO ACTIVITIES IN FIELD OF CONSULTATIONS AND NEGOTIATIONS AMONG THOSE PROGRAMS TO BE FINANCED BY IDF; USDEL BELIEVES THIS TO BE USEFUL ELEMENT OF DRAFT INDICATING THAT AT LEAST SOME OF THE COST OF THOSE ACTIVITIES ARE INTENDED TO BE MET THROUGH VOLUNTARY CONTRIBUTIONS. FINALLY, WE NOTE THAT SECT. IV, PARA 2, APPEARS TO INDICATE THAT PROGRAM SUPPORT COSTS AND ADMINISTRATIVE COSTS OF THE IDF SHALL BE MET FROM THE RESOURCES OF THE FUND ITSELF.

3. TEXT OF DRAFT RESOLUTION IS AS FOLLOWS:

BEGIN TEXT. DRAFT RESOLUTION

ESTABLISHMENT OF THE UNITED NATIONS INDUSTRIAL DEVELOPMENT FUND

THE GENERAL ASSEMBLY,

RECALLING ITS RESOLUTION 3086 (XXVIII) OF 6 DECEMBER 1973, IN WHICH IT REQUESTED THE SECRETARY-GENERAL TO PREPARE A REPORT ON THE QUESTION OF THE ESTABLISHMENT OF A UNITED NATIONS INDUSTRIAL DEVELOPMENT FUND,

RECALLING ALSO ITS RESOLUTION 3307 (XXIX) OF 14 DECEMBER 1974, IN WHICH IT REQUESTED THE SECOND GENERAL CONFERENCE OF THE UNITED NATIONS INDUSTRIAL DEVELOPMENT

UNCLASSIFIED

PAGE 03 VIENNA 03208 01 OF 02 211635Z

ORGANIZATION TO CONSIDER THE ESTABLISHMENT OF AN INDUSTRIAL DEVELOPMENT FUND TO BE FINANCED ON THE BASIS OF VOLUNTARY CONTRIBUTIONS, INCLUDING THE BASIC GUIDELINES FOR ITS FUNCTIONING.

TAKING INTO CONSIDERATION THE REFERENCES TO AN INDUSTRIAL DEVELOPMENT FUND IN SECTION V, INSTITUTIONAL ARRANGEMENTS, PARAGRAPHS 72 AND 73 OF THE LIMA DECLARATION AND PLAN OF

ACTION ON INDUSTRIAL DEVELOPMENT AND CO-OPERATION, WHICH WAS ENDORSED AT ITS SEVENTH SPECIAL SESSION IN RESOLUTION 3362(S-VII) OF 16 SEPTEMBER 1975,

RECALLING FURTHER ITS RESOLUTION 3402 (XXX) OF 28 NOVEMBER 1975, IN WHICH IT REQUESTED THE INDUSTRIAL DEVELOPMENT BOARD TO REPORT ON THE MATTER AT ITS THIRTY-FIRST SESSION,

NOTING THE TERMS OF REFERENCE AND RULES FOR THE FUNCTIONING AND ADMINISTRATION OF THE INDUSTRIAL DEVELOPMENT FUND RECOMMENDED BY THE INDUSTRIAL DEVELOPMENT BOARD IN THE REPORT OF THE WORK OF ITS TENTH SESSION,

I

DECIDES TO ESTABLISH THE UNITED NATIONS INDUSTRIAL DEVELOPMENT FUND (HEREINAFTER REFERRED TO AS THE FUND) MANAGED BY THE UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION.

II

PURPOSE

THE PURPOSE OF THE FUND IS TO INCREASE THE RESOURCES OF THE UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION AND ENHANCE ITS ABILITY TO MEET, PROMPTLY AND FLEXIBLY, THE NEEDS OF DEVELOPING COUNTRIES. IT SHALL SUPPLEMENT THE ASSISTANCE PROVIDED BY MEANS OF THE RESOURCES OF THE REGULAR BUDGET OF THE UNITED NATIONS AND THE UNITED NATIONS DEVELOPMENT PROGRAMME DIRECTED TOWARD THE UNCLASSIFIED

UNCLASSIFIED

PAGE 04 VIENNA 03208 01 OF 02 211635Z

ACHIEVEMENT OF ACCELERATED AND SELF-SUSTAINED GROWTH OF THE DEVELOPING COUNTRIES IN THE INDUSTRIAL FIELD.

III

GUIDING PRINCIPLES

1. THE FUND SHALL BE USED IN CONFORMITY WITH THE PURPOSES AND PRINCIPLES OF THE UNITED NATIONS CHARTER AND IN THE LIGHT OF THE RESOLUTION ESTABLISHING THE UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION (2152 (XXI)).

2. THE LIMA DECLARATION AND PLAN OF ACTION ON INDUSTRIAL DEVELOPMENT AND CO-OPERATION SHALL SERVE AS THE GUIDELINE FOR THE PREPARATION OF PROGRAMMES FINANCED

BY THE FUND. IN PARTICULAR, THE FUND SHOULD ENABLE THE
UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION TO:

(I) PARTICIPATE IN THE IMPLEMENTATION OF THE
DECLARATION AND PROGRAMME OF ACTION ON THE ESTABLISHMENT
OF A NEW INTERNATIONAL ECONOMIC ORDER, ADOPTED AT THE
SIXTH SPECIAL SESSION OF THE GENERAL ASSEMBLY, ISOFAR
AS THEY RELATE TO INDUSTRIAL DEVELOPMENT;

(II) IMPLEMENT THE RECOMMENDATIONS OF THE AD HOC
COMMITTEE ON LONG-RANGE STRATEGY FOR UNIDO;

(III) IMPLEMENT FIELD PROJECTS, PARTICULARLY
THOSE OF NON-TRADITIONAL NATURE, WITH SPECIAL ATTENTION TO
THE NEEDS OF THE LEAST DEVELOPED AMONG THE DEVELOPING
COUNTRIES, LAND-LOCKED COUNTRIES AND THE ISLAND DEVELOPING
COUNTRIES;

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PAGE 01 VIENNA 03208 02 OF 02 211806Z

40

ACTION IO-13

INFO OCT-01 OIC-02 ISO-00 IOE-00 AF-08 ARA-10 EA-09 EUR-12

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UNCLAS SECTION 2 OF 2 VIENNA 3208

(IV) INTENSIFY ITS ACTIVITIES IN THE DEVELOPMENT
AND TRANSFER OF TECHNOLOGY;

(V) INTENSIFY ITS PROGRAMMES AIMED AT

ESTABLISHING AND/OR INTENSIFYING CO-OPERATION AMONG
DEVELOPING COUNTRIES AND BETWEEN DEVELOPING AND
DEVELOPED COUNTRIES;

(VI) STRENGTHEN ITS PROMOTIONAL ACTIVITIES;

(VII) STRENGTHEN ITS INDUSTRIAL INFORMATION SYSTEM;

(VIII) PROVIDE FOR AND ESTABLISH A SYSTEM OF CONSULTATION
AT THE GLOBAL, REGIONAL AND INTERREGIONAL AND SECTORAL LEVELS;

(IX) PROVIDE FOR A FORUM FOR NEGOTIATION OF
AGREEMENTS IN THE FIELD OF INDUSTRY BETWEEN DEVELOPED
AND DEVELOPING COUNTRIES AND AMONG DEVELOPING COUNTRIES
THEMSELVES, AT THE REQUEST OF THE COUNTRIES CONCERNED;

(X) PROVIDE MAXIMUM UTILIZATION OF THE KNOWLEDGE,
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PAGE 02 VIENNA 03208 02 OF 02 211806Z

EXPERIENCE AND CAPACITY EXISTING IN THE UNITED NATIONS
SYSTEM OF METHODS AND MECHANISMS FOR DIVERSIFIED FINANCIAL
AND TECHNICAL CO-OPERATION WHICH ARE GEARED TO THE SPECIAL
AND CHANGING REQUIREMENTS OF INTERNATIONAL INDUSTRIAL
CO-OPERATION.

IV

ROLE OF THE INDUSTRIAL DEVELOPMENT BOARD AND
THE EXECUTIVE DIRECTOR OF THE UNITED NATIONS
INDUSTRIAL DEVELOPMENT ORGANIZATION

1. THE INDUSTRIAL DEVELOPMENT BOARD
(HEREINAFTER REFERRED TO AS THE BOARD) SHALL FORMULATE
SUCH GENERAL PROCEDURES AS ARE NECESSARY TO GOVERN
THE OPERATIONS OF THE FUND AND SHALL PROVIDE GENERAL
POLICY GUIDANCE WITH A VIEW TO ENSURING THAT THE
RESOURCES OF THE FUND ARE EMPLOYED WITH MAXIMUM EFFICIENCY
AND EFFECTIVENESS IN PURSUANCE OF THE PURPOSES OF THE FUND.

2. THE EXECUTIVE DIRECTOR OF THE UNITED NATIONS
INDUSTRIAL DEVELOPMENT ORGANIZATION (HEREINAFTER REFERRED
TO AS THE EXECUTIVE DIRECTOR) SHALL PREPARE AND SUBMIT
ANNUALLY TO THE BOARD THE PROGRAMME OF THE FUND WITH
DETAILS OF THE ACTIVITIES TO BE UNDERTAKEN, AT THE SAME
TIME, HE SHALL SUBMIT A PLAN INCORPORATING ESTIMATES
OF RESOURCES AND EXPENSES FOR THE FOLLOWING TWO YEARS,
INCLUDING PROVISION FOR PROGRAMME SUPPORT COSTS AND
ADMINISTRATIVE COSTS OF THE FUND AND FOR TRANSFERS TO AND
FROM RESERVES.

3. THE BOARD SHALL APPROVE THE PROGRAMME OF THE FUND

AND SHALL EXERCISE EFFECTIVE CONTROL OVER ITS
CONSTITUENT ACTIVITIES, APPORTIONING THE RESOURCES AVAILABLE,
ACCORDING TO THE ESTIMATES OF THE EXECUTIVE DIRECTOR, FOR SUCH
ACTIVITIES. THE BOARD SHALL AUTHORIZE THE NECESSARY
ALLOCATION OF FUNDS TO COVER THE FOLLOWING MAIN CATEGORIES:

(A) EXPENDITURE ON PROGRAMME ACTIVITIES;

(B) A CONTINGENCY MARGIN FOR EXPENDITURE ON
PROJECTS TO MEET EMERGENCY NEEDS;
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PAGE 03 VIENNA 03208 02 OF 02 211806Z

(C) ALLOCATIONS, IF ANY, TO OTHER UNITS OF THE
UNITED NATIONS, THE SPECIALIZED AGENCIES AND THE
INTERNATIONAL ATOMIC ENERGY AGENCY.

4. THE EXECUTIVE DIRECTOR SHALL APPROVE PROJECTS
WITHIN THE RESOURCES AS APPORTIONED FOR PROGRAMME
ACTIVITIES OF THE FUND AND SHALL ALLOCATE FUNDS FOR SUCH
PROJECTS ACCORDINGLY.

V

FINANCIAL ARRANGEMENTS

1. THE FUND SHALL BE FINANCED BY VOLUNTARY
CONTRIBUTIONS WHICH MAY BE ACCEPTED FROM GOVERNMENTS,
INTERGOVERNMENTAL AND NON-GOVERNMENTAL ORGANIZATIONS AND
OTHER NON-GOVERNMENTAL SOURCES FOR PURPOSES CONSISTENT
WITH THOSE OF THE FUND. VOLUNTARY CONTRIBUTIONS BY
GOVERNMENTS MAY BE MADE, AT THEIR OPTION, EITHER:

(A) BY PLEDGES ON AN ANNUAL BASIS OR FOR A NUMBER
OF YEARS; OR

(B) IN ACCORDANCE WITH REGULATIONS 7.2 AND 7.3
OF THE FINANCIAL REGULATIONS OF THE UNITED NATIONS; OR

(C) BY BOTH OF THESE METHODS.

OTHER CONTRIBUTIONS MAY BE ACCEPTED IN ACCORDANCE WITH
THE ABOVE-MENTIONED REGULATIONS 7.2 AND 7.3.

2. THE VOLUNTARY CONTRIBUTIONS SHALL BE
GOVERNED BY THE FINANCIAL REGULATIONS OF THE
UNITED NATIONS EXCEPT FOR SUCH MODIFICATIONS AS MAY
BE APPROVED BY THE GENERAL ASSEMBLY ON THE RECOMMENDATION
OF THE BOARD.

3. THE FUND SHALL BE ADMINISTERED IN ACCORDANCE
WITH THE FINANCIAL RULES OF THE UNITED NATIONS
INDUSTRIAL DEVELOPMENT FUND. END TEXT.
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PAGE 04 VIENNA 03208 02 OF 02 211806Z

4. WE PRESUME THAT DRAFT RESOLUTION, IF ADOPTED, WOULD
HAVE EFFECT ONLY WHILE UNIDO REMAINS PART OF UN, AND THAT,
IF AND WHEN UNIDO BECOMES SPECIALIZED AGENCY, OTHER
ARRANGEMENTS FOR ADMINISTRATION OF IDF WOULD BE NECESSARY,
EITHER AS PART OF UNIDO SPECIALIZED AGENCY CONSTITUTION
OR BY ACTION OF THE AGENCY'S LEGISLATIVE ORGANS.

ACTION REQUESTED: USDEL REQUIRES INSTRUCTION A.S.A.P.
AS TO WHETHER IT CAN JOIN IN PROBABLE CONSENSUS TO ADOPT
DRAFT RESOLUTION AT IDB-X OR WHETHER DEPT. PREFERS OTHER
ACTION BE TAKEN. IF DEPT. DESIRES CHANGES IN DRAFT
RESOLUTION AS PRESENTED BY SECRETARIAT, USDEL WOULD
APPRECIATE RECEIVING SUBSTANCE OF THESE SOONEST IN ORDER
BEGIN NEGOTIATIONS. STIBRAVY

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